

Message Text

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PASS EB FOR KATZ AND BOEKER, L FOR FELDMAN, TREASURY
FOR BERGSTEN, COMMERCE FOR KATZ

E.O. 11652: N/A
TAGS: EINV, OECD
SUBJECT: COMMITTEE ON INTERNATIONAL INVESTMENT AND
MULTINATIONAL ENTERPRISES (CIME), MEETING
FEBRUARY 14-15, 1977

REF: (A) IME(77)1, (B) IME(77)2, (C) IME/A(77)1,
(D) IME(76)26/SERIES

1. SUMMARY. FEBRUARY 14-15 CIME MEETING HAD TWO MAIN
AGENDA ITEMS: (1) INITIAL EXCHANGE ON SUBSTANCE OF UN
CODE OF TNC'S AND (2) DISCUSSION OF SERIES OF SECRET-
ARIAT PROPOSALS FOR NEW INVESTMENT ACTIVITIES WITHIN
OECD. RE UN CODE, THERE WAS BROAD AGREEMENT TO MAINTAIN
STRICT PARALLELISM BETWEEN PROVISIONS RELATING TO TNC
BEHAVIOR AND PROVISIONS ON TREATMENT OF TNC'S BY
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GOVERNMENTS; THERE WAS ALSO AGREEMENT THAT CODE SHOULD
BE VOLUNTARY, BUT SOME DIVERSITY AS TO HOW EXPLICITLY
THIS SHOULD BE STATED AT THE APRIL UN MEETING. ON
CONTENT OF UN CODE, CIME AGREED THAT ECONOMIC ISSUES
COULD BE APPROACHED ALONG LINES OF OECD CODE, WHILE
AVOIDING EXPLICIT LINKAGE TO OECD DOCUMENT; POLITICAL
AND GOVERNMENT TREATMENT ISSUES IN CONTRAST ARE FAR

MORE DIFFICULT, AND CIME AGREED TO MORE DETAILED DISCUSSION AT MARCH 31 MEETING. TO HELP FOCUS DISCUSSION, LEAD COUNTRY APPROACH ADOPTED FOR FOUR KEY UN ISSUES, WITH INVITATION TO CIRCULATE INFORMAL PAPERS IN ADVANCE OF NEXT CIME MEETING. ASSIGNMENTS WERE (A) PERMANENT SOVEREIGNTY/INTERNATIONAL LAW (US); (B) INFORMATION DISCLOSURE (UK); (C) INVESTMENT CLIMATE (FRG); AND (D) NON-INVOLVEMENT IN INTERNAL POLITICAL AFFAIRS (FRANCE).

2. ON OECD WORK PROGRAM, SECRETARIAT INITIATIVES EITHER RESISTED AS PREMATURE OR REDIRECTED TO OTHER ONGOING ACTIVITIES; PROPOSAL TO RESURRECT 1967 OECD INVESTMENT CODE FOR PROTECTION OF FOREIGN PROPERTY CONSIDERED BY MANY AS PREMATURE IN VIEW CURRENT NORTH-SOUTH FOCUS ON THIS ISSUE; RELATED PROPOSAL FOR OECD DISPUTE SETTLEMENT MECHANISM QUESTIONED ON SAME BASIS BUT WIDE INTEREST DEVELOPED FOR REVIEW OF AND POSSIBLE IMPULSE TO WORLD BANK'S ICSID. PROPOSAL FOR CORRUPT PRACTICES INITIATIVE IN OECD OPPOSED BY US ALONG WITH STRONG PITCH THAT TIME HAS COME FOR COMMITMENT TO SERIOUS NEGOTIATION IN UN. INFORMATION DISCLOSURE DISCUSSION ON HOW TO ASSESS GUIDELINES EXPERIENCE INCONCLUSIVE AND LEFT FOR NEXT MEETING, BUT BROAD SUPPORT GIVEN TO SEPARATE IDEA OF DEVELOPING MORE HARMONIZED ACCOUNTING PRINCIPLES. MEETING CONCLUDED WITH BRIEF DISCUSSION OF TUAC AND BIAC PAPERS FOR MARCH 30 DISCUSSION OF EXPERIENCE WITH OECD GUIDELINES. END SUMMARY.

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3. UN CODE FOR TNC'S (REFDOC D): INITIAL EXCHANGE SHOWED WIDE CONVERGENCE OF VIEWS. GENERAL SATISFACTION EXPRESSED ON NEUTRAL AGENDA AGREED UPON IN JANUARY IN NEW YORK, AND ON STRICT PARALLELISM ACHIEVED BETWEEN SECTIONS ON TNC BEHAVIOR AND TREATMENT OF TNC'S BY GOVERNMENTS. IT WAS AGREED THAT THIS STRICT PARALLELISM SHOULD BE MAINTAINED IN APRIL, EVEN THOUGH THERE WOULD LIKELY BE SOME STRONG G-77 RESISTANCE. ALSO AGREED THAT UN CODE SHOULD BE VOLUNTARY, BUT SOME DIFFERENCES SURFACED AS TO HOW EXPLICITLY THIS POSITION SHOULD BE STATED AT APRIL MEETING AT UN. SWEDEN (NIKLASSON) AND UK (MUELLER) FELT OUR POSITION ALREADY ON RECORD AND FURTHER STATEMENT COULD OPEN UP ACrimonious DEBATE. US DEL (PREG) TOOK VIEW THAT BASIS FOR BEGINNING NEGOTIATION OF EXPLICIT LANGUAGE SHOULD AVOID AMBIGUITY, AND DIFFERENCES COULD PROBABLY BE STATED FOR RECORD WITHOUT MAJOR CONFRONTATION.

4. ON SUBSTANCE OF UN CODE, ECONOMIC ISSUES, SUCH AS

TAX TREATMENT AND COMPETITION, APPEAR TO REQUIRE LITTLE

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INTRA-OECD COLLABORATION AT THIS POINT SINCE OECD CODE PROVIDES CLEAR REFERENCE POINT FOR UN EXERCISE. WHILE EXPLICIT REFERENCES TO OECD CODE SHOULD BE AVOIDED, IT WAS AGREED THAT ITS VERY EXISTENCE GIVES POSITIVE DIRECTION TO UN EXERCISE AND PROVIDES OECD COUNTRIES WITH USEFUL POSITION OF INITIATIVE. IN CONTRAST, POLITICAL AND GOVERNMENT TREATMENT, MOST PARTICULARLY ISSUE OF PERMANENT SOVEREIGNTY/INTERNATIONAL LAW, WERE RECOGNIZED AS FAR MORE DIFFICULT AND LIKELY TO BE THE CENTER OF DEBATE AT APRIL MEETING. AFTER INITIAL TOUR D'HORIZON, IT WAS AGREED THAT AT LEAST SOME UN CODE RELATED ISSUES NEEDED MORE DETAILED REVIEW BY CIME AT MARCH 31-APRIL 1 SESSION. (SECRETARIAT PROPOSAL FOR TECHNICAL WORKING GROUP REJECTED AS PREMATURE.) MODALITY ADOPTED FOR THAT MEETING WAS LEAD COUNTRY APPROACH, WHEREBY CERTAIN COUNTRIES WOULD LEAD DISCUSSION AND, IF POSSIBLE, CIRCULATE INFORMAL ISSUE PAPER IN ADVANCE.

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FOUR SUCH LEAD COUNTRY ARRANGEMENTS MADE THROUGH INFORMAL CONSULTATION: (A) PERMANENT SOVEREIGNTY/INTERNATIONAL LAW, INCLUDING INVESTMENT DISPUTES (US); (B) INFORMATION DISCLOSURE, INCLUDING VARIOUS DEVELOPMENTS (GROUP OF EXPERTS ON INTERNATIONAL STANDARDS OF ACCOUNTING AND REPORTING) AT UN TNC COMMISSION (UK); (C) INVESTMENT CLIMATE (FRG); AND (D) NON-INVOLVEMENT IN INTERNAL POLITICAL AFFAIRS (FRANCE).

5. IN PRIVATE TALK WITH FRENCH OFFICIALS, US DEL WAS INFORMED THAT FRANCE NOW TAKING UN CODE EXERCISE MORE SERIOUSLY, AND WOULD MORE ACTIVELY ENGAGE IN COOPERATIVE WORK WITHIN OECD AND AT NEW YORK. ONE REASON FOR THIS REASSESSMENT WAS GROWING ROLE OF OUTWARD DIRECT INVESTMENT BY FRENCH MNC'S.

6. WORK PROGRAM OF CIME AND THE ROLE OF OTHER OECD COMMITTEES (REFDOC B): SECRETARIAT (VOGELAAR) OPENED DISCUSSION WITH REPETITION OF JUSTIFICATION FOR REFDOC B, AS CONTAINED IN ITS INTRODUCTION, BASED ON ARGUMENT THAT MAJOR TASK OF CIME IS TO SEEK AGREEMENTS ON SUBJECTS NOT COVERED BY INVESTMENT DECLARATION BY MINISTERS LAST JUNE. HE ADMITTED, HOWEVER, THAT POLITICAL DECISIONS WOULD BE INVOLVED. PAPER WAS PRESENTED AS "MENU" OF POSSIBLE ACTIONS TO STIMULATE THINKING OF MEMBER GOVERNMENTS AS WORK OF CIME ADVANCES. POSSIBLE OVERLAPS WITH WORK IN OTHER INTERNATIONAL FORA WERE ACKNOWLEDGED, BUT VOGELAAR ARGUED THAT OVERRIDING NEED WAS FOR OECD TO PROVIDE MODELS FOR OTHERS AS IN CASE OF GUIDELINES FOR MNE'S.

7. IN GENERAL DISCUSSION, US DEL, JOINED BY OTHERS, STRESSED PRIORITY OF IMPLEMENTATION OF OECD DECLARATION AS BASIS FOR CIME WORK AND QUESTIONED NEED FOR COMPREHENSIVE ACTION PROGRAM AS OUTLINED IN REFDOC B. HE STRESSED FURTHER THAT CONFLICTS WITH CURRENT WORK IN

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OTHER INTERNATIONAL FORA WERE MATTER OF CONCERN TO US AND IN SOME CASES (E.G., ON ILLICIT PAYMENTS QUESTION) BROADER NEGOTIATIONS SHOULD TAKE PRECEDENCE. FINALLY, US DEL QUESTIONED WHETHER OECD DECLARATION ACTUALLY PROVIDES MANDATE FOR PROGRAM AS AMBITIOUS AS THAT PRESENTED IN REFDOC B.

8. IN POINT-BY-POINT DISCUSSION, CIME MEMBERS

STRONGLY QUESTIONED NEED FOR MOST OF SECRETARIAT'S SPECIFIC PROPOSALS. THE FEW POSITIVE COMMENTS THAT WERE MADE WERE PRIMARILY IN CONNECTION WITH ATTEMPTS TO ADVANCE CIME PREPARATORY WORK ON ITEMS THAT WILL ALSO BE DISCUSSED IN UN CODE EXERCISE.

9. DEFINITION OF MNE'S: AT END OF LENGTHY DISCUSSION, CONSENSUS REACHED THAT SECRETARIAT SHOULD PREPARE PAPER ON DEFINITIONS USED BY SPECIALIZED OECD GROUPS CONCERNED WITH MNE-RELATED ISSUES, AS WELL AS THOSE EMPLOYED BY OTHER INTERNATIONAL ORGANIZATIONS. THIS RESOLVED CONFLICT BETWEEN US/SWISS RESERVATIONS AS TO NEED FOR EFFORT TO DEVISE ACCEPTABLE DEFINITION (PLUS US CONCERN ABOUT POSSIBLE ADVERSE IMPACT ON UN CODE EXERCISE) ON ONE HAND, AND FRENCH PROPOSAL, WITH UK SUPPORT, ON NEED TO DISTINGUISH PRECISELY BETWEEN CONCEPTS OF MNE AND INTERNATIONAL INVESTMENT, ON OTHER HAND.

10. INTERNATIONAL LAW: NUMEROUS DELS, INCLUDING FRG, CANADA, SWEDEN, SWITZERLAND, UK AND AUSTRALIA STATED THAT PROPOSED NEGOTIATION OF AN OECD INVESTMENT CODE ON PROTECTION OF PROPERTY IS EITHER TOO AMBITIOUS OR PRE-MATURE. CONNECTION WITH UN CODE DISCUSSIONS GENERALLY

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NOTED AND GIVEN PRECEDENCE IN VIEW OF NORTH-SOUTH LOCUS FOR INVESTMENT PROTECTION ISSUES. SEVERAL DELS EXPRESSED PREFERENCE FOR GRADUAL OR EVOLUTIONARY APPROACH, INCLUDING INCREASED USE OF BILATERAL INVESTMENT PROTECTION AGREEMENTS. RE TREATMENT OF INVESTMENT ISSUES IN EURO-ARAB DIALOGUE, FRG DEL CONFIRMED PRESS REPORTS THAT PROGRESS HAS BEEN MADE ON NEGOTIATION OF POSSIBLE MULTILATERAL INVESTMENT PROTECTION AGREEMENT. HE INDICATED DISCUSSIONS PROCEEDING ALONG LINES PARALLEL TO CIEC TREATMENT OF THIS ISSUE AND HAD RECEIVED RECENT POLITICAL IMPULSE. REMAINING PROBLEMS INCLUDE ARAB INSISTENCE ON, AND EC RESISTANCE TO, GUARANTEE OF REAL VALUE OF ARAB INVESTMENTS AND LEGAL CHARACTER OF AGREEMENT, I.E., WHETHER IT SHOULD BE BETWEEN REGIONAL GROUPING OR INDIVIDUAL SOVEREIGN STATES.

11. DISPUTE SETTLEMENT: US PROPOSED THAT CIME MEMBERS LIMITED OFFICIAL USE

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WHICH HAD JOINED ICSID DISCUSS METHODS OF PROMOTING ITS BROADER USE, SUCH AS CONSIDERING APPROPRIATE PROVISIONS IN BILATERAL INVESTMENT PROTECTION AGREEMENTS. COMMITTEE SHOWED KEEN INTEREST IN FUTURE OF ICSID AND DECIDED TO EXCHANGE VIEWS AT LATER CIME MEETING, WITH THOSE WHO ARE MEMBERS OF ICSID OUTLINING THEIR EXPERIENCE AND THOSE WHO HAVE NOT JOINED EXPLAINING REASONS FOR NOT DOING SO. IN RESPONSE TO QUESTION ON LATTER POINT BY US DEL, CANADIAN AND PORTUGUESE DELS INDICATED THEIR GOVERNMENTS NOW STUDYING QUESTION AND AUSTRALIAN DEL SAID GOA HAS SIGNED, BUT DELAYED RATIFICATION OF AGREEMENT TO JOIN PENDING RESOLUTION OF FEDERAL/STATE PROBLEMS. OECD SECRETARIAT WONDERED IF OECD COUNTRIES, AS EXAMPLE TO OTHERS, COULD SOMEHOW AGREE TO GO TO ICSID WHENEVER SO REQUESTED BY FOREIGN INVESTOR.

12. BRIBERY AND POLITICAL INVOLVEMENT: MEMBERS AGREED THAT UN NEGOTIATIONS ON ILLICIT PAYMENTS AGREEMENT SHOULD TAKE PRECEDENCE OVER OECD ACTION IN THIS AREA. US DEL BRIEFLY REPORTED ON PROGRESS MADE BY UN ILLICIT PAYMENTS WORKING GROUP PREVIOUS WEEK, NOTING THAT PARTICIPANTS HAVE NOW REACHED POINT OF DECISION FOR SERIOUS NEGOTIATION. US DEL URGED OTHER OECD COUNTRIES TO GIVE FULL SUPPORT FOR THIS EFFORT AND NOTED THAT WE MIGHT BE IN TOUCH WITH OTHER OECD MEMBER GOVERNMENTS ON THIS MATTER IN COMING WEEKS.

13. DISCLOSURE OF INFORMATION: DISCUSSION FOCUSED ON

TWO AREAS, FIRST THE FEASIBILITY AND DESIRABILITY OF HARMONIZING ACCOUNTING PRINCIPLES AND DISCLOSURE REQUIREMENTS; AND SECOND AN EXAMINATION OF INFORMATION PRESENTLY CONTAINED IN CORPORATE ANNUAL REPORTS. CONCERNING HARMONIZATION, IT WAS GENERALLY AGREED THAT WHILE THIS WOULD BE A DESIRABLE GOAL, NO ACTION POSSIBLE AT THIS TIME. NEXT STEP IS TO REVIEW PROGRESS NOW UNDERWAY IN UN COMMISSION AND PERHAPS DISCUSS FURTHER AT NEXT MEETING. LIMITED OFFICIAL USE

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ING OF CIME. CONCERNING CORPORATE INFORMATION DISCLOSURE, SEVERAL COUNTRIES (NORWAY, SWEDEN) DESIRED A GROUP, EITHER THE CIME, ANOTHER OECD BODY, OR EVEN AN OUTSIDE GROUP, TO EXAMINE CORPORATE ANNUAL REPORTS WITH THE GOAL OF DETERMINING WHAT TYPE OF INFORMATION IS DISCLOSED IN SUCH REPORTS AND THEN EVALUATING THE INFORMATION CONTAINED THEREIN TO SEE EXTENT TO WHICH CORPORATE INFORMATION DISCLOSURE MEETS STANDARDS CONTAINED IN OECD GUIDELINES.

14. US, SUPPORTED BY FRG AND SWITZERLAND, ACKNOWLEDGED THAT COLLECTION OF REPORTS COULD BE USEFUL, BUT INSISTED THAT IT WOULD BE INAPPROPRIATE FOR COLLECTION OF DATA TO BE TURNED INTO A MONITORING OR EVALUATION PROCEDURE WHEREBY CORPORATE CONFORMITY WITH THE OECD INFORMATION GUIDELINES WOULD BE DETERMINED. US DEL STATED THAT NATIONAL GOVERNMENTS, EITHER THROUGH NATIONAL BIACS OR OTHERWISE, WOULD BE RECEIVING INFORMATION AS TO THE EXTENT TO WHICH CORPORATIONS TAKE ACCOUNT OF THE INFORMATION SECTION OF THE GUIDELINES, AND NATIONAL GOVERNMENTS WOULD THEN REPORT ON THIS AS PART OF THE CIME INITIAL REVIEW OF GOVERNMENTS' EXPERIENCE WITH THE GUIDELINES IN MARCH. IN ANY EVENT, NO ACTION BY OECD SECRETARIAT OR COMMITTEE WOULD BE APPROPRIATE AT THIS POINT. SECRETARIAT THEN REPORTED THAT IT DID NOT HAVE RESOURCES EVEN TO COLLECT CORPORATE ANNUAL REPORTS. CHAIRMAN ABRAMOWSKI THEN NOTED THAT BIAC AND TUAC WOULD, IN THEIR REPORTS TO THE CIME, NATURALLY BE INCLUDING THEIR VIEWS AS TO HOW CORPORATIONS HAVE REACTED TO THE INFORMATION SECTION OF THE GUIDELINES. NO FURTHER STEPS

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ADOPTED AT THIS POINT, BUT ISSUE OF ASSESSING INFORMATION DISCLOSURE WILL SURELY BE RAISED BY SCANDINAVIANS AT NEXT MEETING.

15. SHORT-TERM CAPITAL MOVEMENTS: SECRETARIAT WAS DULY CHASTISED FOR CRITICIZING CONCLUSIONS OF AD HOC GROUP ON THIS SUBJECT. ONLY SWEDEN INDICATED THAT IT CONSIDERED THIS SUBJECT TO BE AN IMPORTANT ONE WHICH SHOULD EVENTUALLY BE INCLUDED IN THE WORK PROGRAM, BUT ACKNOWLEDGED ALONG WITH OTHER CIME MEMBERS THAT GIVEN THE CONCLUSIONS OF THE AD HOC GROUP THEY WERE NOT CERTAIN HOW THIS SHOULD BE PURSUED.

16. OTHER ISSUES: CIME AGREED TO WAIT FOR THE FINAL REPORT OF WORKING PARTY 11 OF THE COMMITTEE OF EXPERTS ON RESTRICTIVE BUSINESS PRACTICES. CIME ALSO AGREED THAT THERE WAS NO NEED FOR A SPECIAL IMPETUS TO BE GIVEN
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TO SUBJECT OF TAXATION AND REPORT OF WORKING PARTY 6 OF FISCAL AFFAIRS COMMITTEE WOULD BE AWAITED. ALL MEMBERS OF CIME CONCURRED THAT PAST DIFFICULT NEGOTIATIONS IN AREA OF EMPLOYMENT SHOULD NOT BE REOPENED AND THAT FURTHER WORK SHOULD BE CONSIDERED A LOW PRIORITY ITEM. THE COMMITTEE DECIDED THAT EXAMINATION OF THE QUESTION OF EXTENDING NATIONAL TREATMENT TO NON-OECD

COUNTRIES WOULD AWAIT THE RESULTS OF THE UN NEGOTIATIONS ON A CODE OF CONDUCT.

17. COORDINATION OF OECD ACTIVITIES RELATING TO INTERNATIONAL INVESTMENT AND MNE'S (REFDOC A): INDUSTRY COMMITTEE: ALTHOUGH ALL OECD GROUPS DEALING WITH INTERNATIONAL INVESTMENT AND MNE'S WERE REVIEWED, MAJOR INTEREST CENTERED ON FUTURE OF WORKING PARTY 1 OF INDUSTRY COMMITTEE. SECRETARIAT REVIEWED CURRENT ACTIVITIES OF GROUP, NAMELY STUDY OF HOST GOVERNMENT POLICIES AND ATTITUDES TOWARDS MNE'S, AND EXAMINATION OF MNE IMPACT ON INDUSTRIAL STRUCTURE OF MEMBER COUNTRIES; AND IMPROVEMENT OF STATISTICAL DATA GATHERING ON MNE ACTIVITIES. MOST DELEGATES FELT THAT TIME HAS COME TO TRANSFER RESPONSIBILITY OF WP1 IN INVESTMENT POLICY AREA TO CIME AND THAT WP1 SHOULD NOW CONCENTRATE ON STATISTICAL WORK. AT SAME TIME, THERE WAS RECOGNITION THAT GROUP AS PRESENTLY CONSTITUTED WAS NOT SUITED FOR SUCH WORK. DISCUSSION PRODUCED WIDELY DIFFERENT VIEWS ON THE DESIRABLE SCOPE AND FORMAT OF WP'S FUTURE WORK PROGRAM. SWEDEN PROPOSED SEVERAL NEW STATISTICAL ACTIVITIES, INCLUDING DATA ON NON-INDUSTRIAL SECTORS AND OUTWARD INVESTMENT FLOWS. OTHERS OPPOSED OR QUESTIONED USEFULNESS OF SUCH STATISTICS. USDEL CALLED FOR ZERO-BASE BUDGET APPROACH SINCE THERE WAS GOOD REASON TO REDUCE OR ELIMINATE WORK OF THIS GROUP. NO AGREEMENT WAS REACHED AND THE ISSUE WILL AGAIN BE ON AGENDA OF CIME'S NEXT MEETING, FOLLOWING CONSULTATION IN CAPITALS. SECRETARIAT AGREED TO SUMMARIZE VIEWS EX-LIMITED OFFICIAL USE

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PRESSED BY PARTICIPANTS AND DISTRIBUTE PAPER TO MEMBER GOVERNMENTS PRIOR TO MARCH SESSION.

18. INVISIBLES COMMITTEE: MOST DELS, INCLUDING UK, GERMANY, SWITZERLAND, NETHERLANDS, FINLAND, FRANCE, FELT THAT ANNUAL REVIEWS BY INVISIBLES COMMITTEE OF DIRECT INVESTMENT PRACTICES BE DISCONTINUED AND THAT CIME SHOULD ASSUME THAT RESPONSIBILITY.

19. DEVELOPMENT ASSISTANCE COMMITTEE: TO KEEP OVERLAPPING TO A MINIMUM, SEVERAL DELEGATES STRESSED IMPORTANCE OF SEPARATING CIME AND DAC RESPONSIBILITIES IN FOLLOWING INVESTMENT FLOWS, I.E., CIME SHOULD ADDRESS ITSELF TO MATTERS RELATING TO PRIVATE INVESTMENT FLOWS, INCLUDING INVESTMENT PROTECTION, WHILE DAC SHOULD LIMIT ITSELF TO APPRAISAL OF OFFICIAL DEVELOPMENT ASSISTANCE.

20. OTHER COMMITTEES: CIME AGREED THAT NO FURTHER ACTION WAS REQUIRED AT THIS TIME FOR WORK OF THE

COMMITTEES ON RESTRICTIVE BUSINESS PRACTICES, FISCAL AFFAIRS, TRADE, MANPOWER AND SOCIAL AFFAIRS, AND SCIENTIFIC AND TECHNOLOGICAL POLICY COMMITTEES AS WELL AS HLG ON ECONOMIC RELATIONS, AND INTERNATIONAL ENERGY AGENCY'S STANDING GROUP ON OIL MARKETS. DEVELOPMENT CENTER REPORTED ON CURRENT STATUS OF THREE RESEARCH PROJECTS RELATED TO SUBCONTRACTING BETWEEN MNE'S AND THEIR AFFILIATES IN SELECTED AREAS, ADOPTION OF MNE TECHNOLOGIES TO LDC NEEDS, AND INVESTMENT CLIMATES IN LDC'S.

21. BIAC AND TUAC CONSULTATIONS: COMMITTEE BRIEFLY

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DISCUSSED MATTERS RELATING TO THE BIAC AND TUAC CONSULTATIONS WITH THE COMMITTEE TO BE HELD ON MARCH 30. PRELIMINARY STATEMENTS FROM BIAC AND TUAC WERE DISTRIBUTED (TEXTS HAND-CARRIED TO WASHINGTON BY PREEG (EB), AND CLAPP (TREASURY)). TUAC PAPER RAISED TWO PARTICULAR ISSUES. FIRST, HOW TO DEAL WITH TUAC'S REQUEST THAT IT BE PERMITTED FORMALLY TO SUBMIT SPECIFIC CASES OF VIOLATIONS OF THE GUIDELINES TO CIME. COMMITTEE AGREED

THAT OECD DECISIONS PROVIDED ONLY THAT BIAC AND TUAC
WOULD BE INVITED TO MEET WITH THE CIME IN ORDER
TO PRESENT THEIR VIEWS ON MATTERS RELATED TO THE GUIDE-
LINES. IT WAS THEREFORE AGREED THAT IT WAS INAPPROPRI-
ATE FOR TUAC AND CIME TOGETHER TO DISCUSS SPECIFIC
CASES. SECOND ISSUE WAS HOW TO RESPOND TO REQUESTS FOR
AUTHORITATIVE INTERPRETATIONS OF SPECIFIC LANGUAGE IN
OECD GUIDELINES. NO DISCUSSION ON THIS SUBJECT TOOK
PLACE. CHAIRMAN ABRAMOWSKI REQUESTED THAT, PRIOR TO
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THE MARCH 30 BIAC-TUAC MEETING, DELEGATIONS WRITE TO
HIM INFORMALLY, WITH A COPY OF LETTER TO VOGELAAR,
GIVING THEIR VIEWS ON ISSUES RAISED BY THE BIAC AND
TUAC PAPERS AND AS TO HOW THE MEETING SHOULD BE HANDLED.
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